



DONELAN CLEARY
WOOD & MASER, P.C.

Counterpart - [Signature]

RECORDATION NO. 21888 FILED

DEC 22 '98 2-31 PM

RECEIVED
SURFACE TRANSPORTATION
BOARD

DEC 22 2 31 PM '98

December 22, 1998

RECORDATION NO. 21888-A FILED

DEC 22 '98 2-31 PM

New Recordation No. and -A

Dear Mr. Williams:

On behalf of BTM Capital Corporation, I submit for filing and recording under 49 U.S.C. § 11301(a) and the regulations applicable thereunder, executed counterparts of a primary document and a secondary document, not previously recorded, entitled, respectively, Security Agreement ("Agreement") and Security Agreement Supplement ("Supplement") both dated as of December 22, 1998.

The parties to the enclosed Agreement and Supplement are:

BTM Capital Corporation, (as - SECURED PARTY/for Indexing
collateral agent for the Secured Parties) MORTGAGEE
125 Summer Street
Boston, MA 02110

Flex Leasing I, LLC - BORROWER/for Indexing
Suite 300 MORTGAGOR
234 Front Street
San Francisco, CA 94111

The said Agreement and Supplement, among other things, grants a security interest by the Borrower to the Secured Party in ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and the leases of the said equipment. The specific units of equipment in the instant closing are covered in the Supplement.

The equipment covered by the instant Agreement and Supplement is ALL EQUIPMENT NOW OWNED OR HEREAFTER ACQUIRED and the specific units of equipment in the instant closing are identified in the Supplement.

A short summary of the Agreement and Supplement to appear in the Surface Transportation Board Index is as follows:

ATTORNEYS AND COUNSELORS AT LAW

1100 New York Avenue, Suite 750, N.W., Washington, D.C. 20005-3934, Tel: 202-371-9500, Fax: 202-371-0900

"Covers all equipment now owned or hereafter acquired and the leases thereof. The units of equipment in the instant closing are as listed in the Supplement."

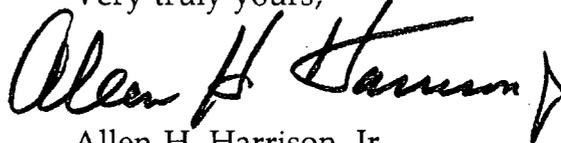
Please enter under this Recordation No. the following cross index reference:

"See Recordation Nos. 20455-B, 21093-A, 21093-B, 21094-C, 21095-A, 21096-A, 21097-C, 21125-A, 21208-C, 21708-A, 21 ~~897~~, 21 ~~898~~, 21 ~~899~~ and 21 ~~900~~."

Enclosed is a check in the amount of seventy-eight dollars. Fifty-two dollars of which is in payment of the filing fees, and twenty-six of which is for the requested cross index reference.

Once the filing has been made, please return to bearer the stamped counterpart(s) of the document not required for filing purposes, together with the letter/fee receipt from the Surface Transportation Board acknowledging the filing, and the two extra copies of this letter of transmittal.

Very truly yours,



Allen H. Harrison, Jr.
Attorney for BTM Capital
Corporation, for
the purpose of this filing.

Honorable Vernon A. Williams
Secretary
Surface Transportation Board
Washington, D.C. 20423

Enclosures

BY HAND

8207-020

DEC 22 '98

2-31 PM

SECURITY AGREEMENT SUPPLEMENT

This SECURITY AGREEMENT SUPPLEMENT NO. 1, dated as of December 22, 1998, to the Security Agreement dated as of December 22, 1998 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement") made by FLEX LEASING I, LLC (the "Borrower") to BTM CAPITAL CORPORATION, as collateral agent (the "Collateral Agent") for the Secured Parties.

A. Reference is made to that certain Loan Agreement dated as of December 22, 1998 (as amended, supplemented or otherwise modified from time to time, the "Loan Agreement"), among the Borrower, BTM CAPITAL CORPORATION, as Agent, Loan Underwriter and a Lender and each other party that may be from time to time a party thereto as a Lender.

B. The Security Agreement provides for the execution and delivery of one or more supplements thereto substantially in the form hereof, which shall particularly describe the Rolling Stock Collateral included in the property covered by the Security Agreement.

C. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement and the Loan Agreement.

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, as security for the payment or performance, as the case may be, in full of the Secured Obligations, the Borrower hereby confirms and acknowledges the assignment, pledge and grant to the Collateral Agent, its successors and assigns, for the ratable benefit of the Secured Parties, of a security interest in and lien on, all of the Borrower's right, title and interest in and to the Units of Rolling Stock Collateral described herein.

1. The Units of Rolling Stock Collateral covered by this Supplement are more specifically described on Annex A hereto (which is incorporated herein by this reference) shall be subject to the security interest and lien granted under and on the terms and conditions of the Security Agreement and Loan Agreement.

2. Together with all substitutions or replacements of and additions, improvements, accessories and accumulations to the property above described for which title vests in the Borrower and all property which shall hereafter become attached to or incorporated in the property above described, whether the same are now owned by the Borrower or shall hereafter be acquired by it.

3. This Supplement shall be construed as supplemental to the Security Agreement and shall form a part of it, and the Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.

4. This Supplement is being delivered in the State of New York.

Annex A

| DESCRIPTION OF CARS: | CAR NUMBERS: |
|---|---------------------------------------|
| Twenty-Five (25) 73-foot center partition flatcars | CRLE 7575 through CRLE 7599 inclusive |
| One Hundred Twenty-Five (125) Newly Built 6,245 cfc, 110 ton, lined covered hopper cars for plastic pellet service | FLOX 62100 through 62224 inclusive |
| Thirty-five (35) Newly-built 3250 cfc lined covered hopper cars equipped with gravity/pneumatic outlets and circular hatch covers | FLOX 3200 through 3234 inclusive |
| Seven (7) New 3,250 cfc, two pocket, 110 ton covered hopper cars, 286,000 grl, equipped with circular hatches, gravity/pneumatic outlets, vibrator brackets, and lining suitable for anhydrous sodium sulfate | FLOX 3235 through 3241 inclusive |
| One Hundred Seventy-Five (175) Newly-Built 50'6" Plate "F" Boxcars (XP) | LW 9000 through 9174 inclusive |
| Three Hundred (300) Newly-Built 53'1" Johnstown America Standard Rotary Aluminum Autoflood Coal Cars | FLCX 300 through 599 inclusive |
| One Hundred (100) Newly-built 73' centerbeam flatcars, 110 ton, 286,000 LB gross rail load | CORP 9300 through 9399 inclusive |
| Twenty-five (25) 50'6" Plate "F" Boxcars with 10' Single Plug Doors | LW 9200 through 9224 inclusive |
| Two Hundred Eighty-Four (284) Newly-Built 4,400 cu. Ft. aluminum gondola with rotary coupled dump capability; 120-ton capacity; 286,000 GRL | SCNX 448000 through 448283 inclusive |

| | |
|--|-------------------------------------|
| Two Hundred Eighty (280) 4,200 Cubic Feet Aluminum Rapid Discharge Open Top Hoppers; 117 ton capacity with electronic air brakes | APOX 98001 through 98280 inclusive |
| Sixty (60) Newly-Built 73'0" centerbeam railcars, 110-ton capacity, 286,000 lb. gross rail load | SRY 286000 through 286059 inclusive |
| Ninety (90) Newly-Built 73'0" centerbeam railcars, 110-ton capacity, 286,000 lb. gross rail load | LW 74225 through 74314 inclusive |
| Fifty (50) Newly-built 73' centerbeam flatcars, 110 ton, 286,000 LB gross rail load | LW 74050 through 74099 inclusive |